



TOWN OF ACTON, MASSACHUSETTS POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING JUNE 30, 2022

ABOUT THE “PAFR”

As part of Acton’s commitment to keep residents informed about how tax dollars are being invested, the Town is pleased to present this Popular Annual Financial Report (PAFR).

This PAFR presents a summary of financial information from the following sources: FY22 and FY21 Annual Comprehensive Financial Reports, Annual Town Budgets, Middlesex County Retirement System Actuarial Valuation, Acton OPEB Actuarial Valuation, Public Employee Retirement Administration Commission, and the Commonwealth of Massachusetts Division of Local Services.

The intent is the information presented in this PAFR will allow the reader to better understand the Town’s financial health.

Additional financial documents can be found at actonma.gov/budget.

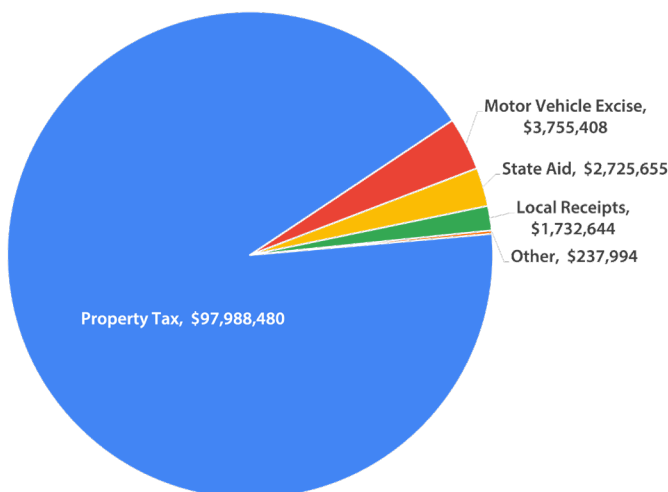
ABOUT THE TOWN

The Town of Acton, incorporated in 1735, is located in Middlesex County approximately 21 miles northwest of Boston. With over 24,000 residents, Acton is primarily a bedroom community, with more than ninety percent of real estate tax generated from residential properties. Acton is known for its rich history, recreational and conservation assets, and high-quality municipal services, highlighted by K-12 education provided by the Acton-Boxborough Regional School District and Minuteman Regional Vocational Technical High School.

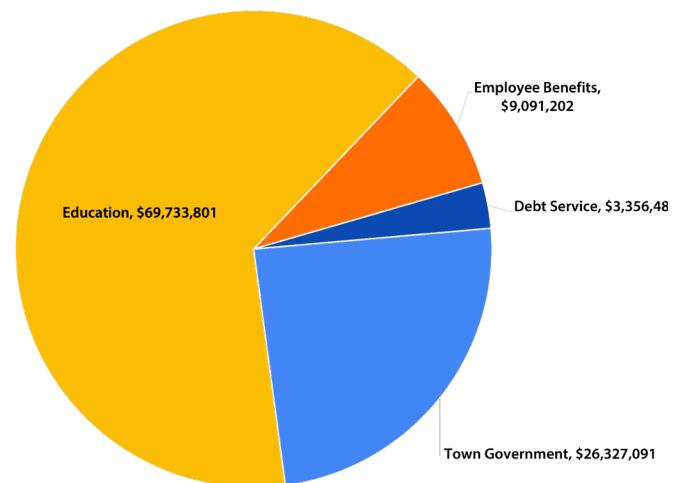
An Open Town Meeting, in which every Acton registered voter may participate, serves as the Town’s legislative body. An elected Select Board establishes policy to be implemented by an appointed Town Manager, who directs the Town’s day-to-day operations. School Committees oversee the two school districts, which are managed by School Superintendents.

FY22 GENERAL FUND REVENUES & EXPENDITURES

(STATED ON A GAAP BASIS)



Revenues: Property taxes are the single largest revenue source for Acton, comprising 92% of annual general fund revenue. Motor Vehicle Excise Tax and State Aid account for 6% of revenues; and Local Receipts (closely tied to economic activity) and Other comprise the remaining 2% of revenue.



Expenditures: A large majority (64%) of General Fund expenditures goes to the Schools (Acton-Boxborough Regional School District and Minuteman Regional Vocational Technical High School). Services provided by the Town Government make up 24% of expenditures; Employee Benefits 8%; and Debt Service 3%.

Balance Sheet

	FY22	FY21	\$ Change	% Change
Assets				
Cash and Short-Term Investments	\$12,869,247	\$12,479,103	\$390,144	3.13%
Receivables	\$3,235,030	\$3,816,569	\$(581,539)	-15.24%
Other	\$1,256,483	\$1,146,823	\$109,660	9.56%
Total Assets	\$17,360,760	\$17,442,495	\$(81,735)	-0.47%
Liabilities				
Warrants Payable	\$330,957	\$314,642	\$16,315	5.19%
Accrued Liabilities	\$606,465	\$537,665	\$68,800	12.80%
Other	\$150,329	\$110,601	\$39,728	35.92%
Total Liabilities	\$1,087,751	\$962,908	\$124,843	12.97%
Deferred Inflows				
Taxes Paid in Advance	\$94,639	\$31,482	\$63,157	200.61%
Unavailable Revenue	\$3,782,122	\$4,342,779	\$(560,657)	-12.91%
Total Deferred Inflows	\$3,876,761	\$4,374,261	\$(497,500)	-11.37%
Fund Balances				
Committed	\$421,835	\$1,827,706	\$(1,405,871)	-76.92%
Assigned	\$2,378,915	\$1,765,882	\$613,033	34.72%
Unassigned	\$9,595,498	\$8,511,739	\$1,083,759	12.73%
Total Fund Balances	\$12,396,248	\$12,105,327	\$290,921	2.40%
Total Liabilities, Deferred Inflows & Fund Balances	\$17,360,760	\$17,442,496	\$(81,736)	-0.47%

BALANCE SHEET SUMMARY

- Assets (resources owned) = Liabilities (amounts owed) + Deferred Inflows (resources to be recognized in the future) + Fund Balances (reserves).
- Fund balances have specific restrictions: Committed (by Town Meeting, i.e. stabilization funds), Assigned (i.e. Town Manager-approved purchase orders), and Unassigned (available for appropriation).
- Committed funds balances contain self-imposed constraints on spending. Most of the committed funds are warrant articles or continuing appropriations authorized by Town Meeting. In FY22, committed fund balances included funding for the Acton Center and Main Street safety studies, equipment for the Public Works department, Complete Streets initiatives, railroad crossing safety improvements, and Sustainability initiatives. FY22 committed funds were approximately 77% lower than FY21.

Statement of Revenues, Expenditures and Changes in Fund Balance

	FY22	FY21	\$ Change	% Change
Revenues				
Property Tax	\$97,988,480	\$95,706,488	\$2,281,992	2.38%
Motor Vehicle Excise	\$3,755,408	\$3,572,604	\$182,804	5.12%
State Aid	\$2,725,655	\$2,558,014	\$167,641	6.55%
Local Receipts	\$1,732,644	\$1,381,367	\$351,277	25.43%
Other	\$237,994	\$267,076	\$(29,082)	-10.89%
Total Revenue	\$106,440,181	\$103,485,549	\$2,954,632	2.86%
Expenditures				
Town Government	\$26,327,091	\$23,655,031	\$2,672,060	11.30%
Education	\$69,733,801	\$67,317,032	\$2,416,769	3.59%
Employee Benefits	\$9,091,202	\$8,578,259	\$512,943	5.98%
State and County Charges	\$337,883	\$330,123	\$7,760	2.35%
Debt Service	\$3,356,482	\$2,162,209	\$1,194,273	55.23%
Total Expenditures	\$108,846,459	\$102,042,654	\$6,803,805	6.67%
Other Financing Sources (Uses)				
Right to use lease financing	\$2,541,726	-	-	-
Transfers In	\$664,329	\$315,207	\$349,122	110.76%
Transfers Out	\$(508,856.00)	\$(976,061)	\$467,205	-47.87%
Total Other Financing	\$2,697,199	\$(660,854)	\$3,358,053	-508.14%
Changes in Fund Balance	\$290,921	\$782,041	\$(491,120)	-62.80%
Fund Balance				
Beginning of Year	\$12,105,327	\$11,323,286	\$782,041	6.91%
End of Year	\$12,396,248	\$12,105,327	\$290,921	2.40%

STATEMENT OF REV., EXP., & CHANGES IN FUND BAL.

- Total revenues increased by \$2.9 million from FY21 to FY22.
- The increase in property tax revenue was \$2.2 million or 2.38%. Most of this new property tax revenue is attributed to [Proposition 2 1/2 limits](#), with no additional authorization of property taxes.
- FY22 Local Receipts revenues which mainly include revenues from licenses and fees and motor vehicle excise taxes experienced a strong recovery, approximately \$350,000 or 25% over FY21.
- Fund Balance remains strong at \$12.3 million, nearly 12% of total expenditures. Fund Balance is one of the reasons for Acton's AAA credit rating. A strong credit rating allows communities to borrow money at more advantageous rates and terms - a helpful tool for future capital projects.

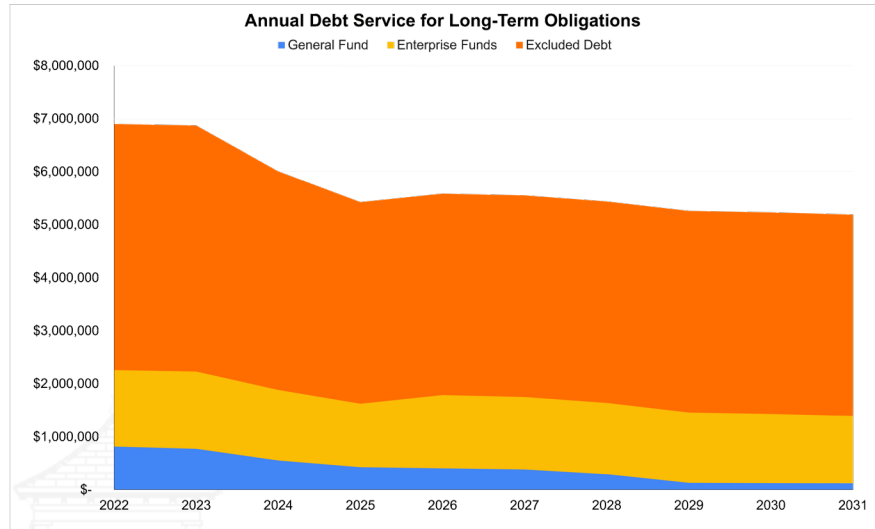
This information is a condensed version of the Town's Annual Comprehensive Financial Reports, which are accessible in full on the [Town website](#).

Liabilities are commitments that the Town has made and will eventually have to pay. The three major liabilities for communities are generally: Debt, Pension, and Other Post-Employment Benefits (OPEB). These liabilities are important to monitor as they can place a burden on future taxpayers if not addressed with a responsible funding plan. Accounting standards also are beginning to require municipalities to fully account for bonds payable, net pension liability, and net OPEB liability. Metrics are benchmarked against comparable communities located in Middlesex County with an Open Town Meeting form of government and a population between 18,000 and 30,000.

DEBT

- The Town borrows money to pay for various capital projects, including the construction of new schools, fire stations, renovations of existing facilities, and purchase of heavy equipment.
- As of June 30, 2022, approximately 60% of current general obligation bonds will be repaid within the next 6 years.
- The chart to the right shows the future repayment of debt that has been issued as of June 30, 2022.
- Source: FY22 Annual Comprehensive Financial Report, Town Manager's FY23 Recommended Budget

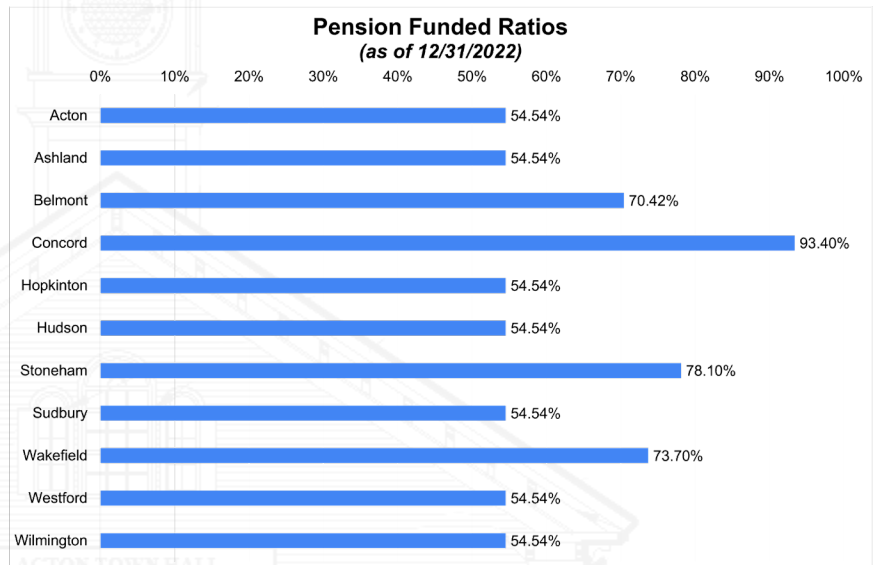
*Includes educational debt service



PENSION

- Acton is a member of the Middlesex County Retirement System.
- Acton's pension plan is 54.54% funded as of January 1, 2022 and is projected to be fully funded by 2036.
- As of January 1, 2022, the Actuarial Value of Assets is \$64 million.
- The Actuarial Accrued Liability is \$115.8 million with an Unfunded Accrued Liability (the difference between the pension assets and liabilities) of \$52 million.
- Source: Pension Actuarial Valuation (January 1, 2022), MA DOR Division of Local Services Databank

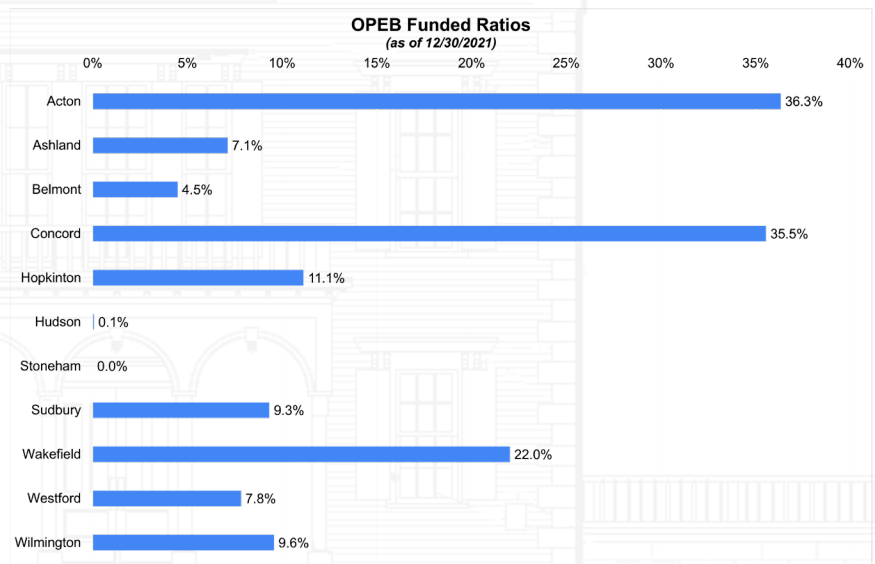
* Acton's ratio excludes educational pension liabilities



OPEB

- Other Post-Employment Benefits (OPEB) generally represents the Town's liability for the cost of healthcare benefits received or to be received by the Town's retirees.
- To comply with new accounting standards, the Town established an OPEB Trust Fund in 2015.
- The Plan is 36.3% funded as of June 30, 2022 and is projected to be fully funded by 2034.
- As of 6/30/22, the Trust Fund assets are \$8.8 million.
- The Actuarial Accrued Liability is \$24.2 million with an Unfunded Actuarial Accrued Liability of \$15.4 million.
- Source: FY22 Annual Comprehensive Financial Report, MA DOR Division of Local Services Databank

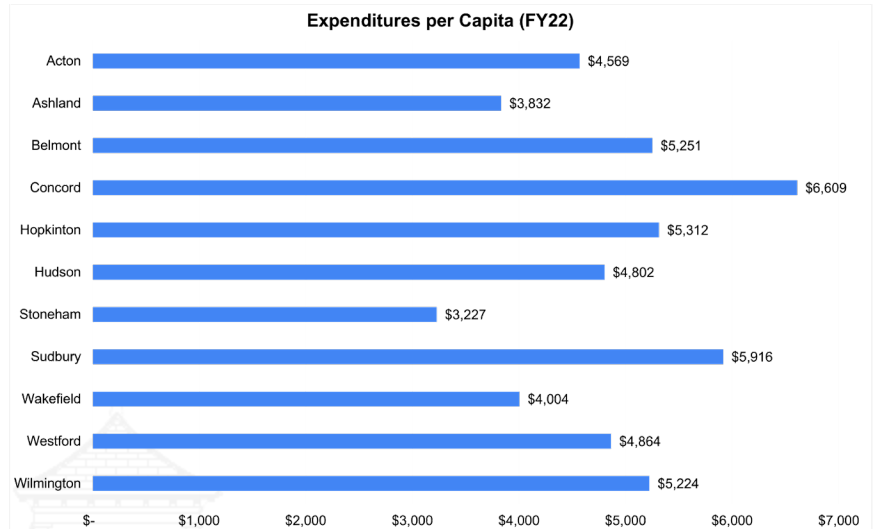
* Acton's ratio excludes educational OPEB liabilities



Having the proper levels of spending and taxes is crucial for the functioning of a well-run municipality that ensures sustainability of operations while being responsive to community needs. The following information shows how Acton compares with neighboring communities in terms of total per capita spending, average residential tax bill, and annual budget growth. Metrics are benchmarked against comparable communities located in Middlesex County with an Open Town Meeting form of government and a population between 18,000 and 30,000.

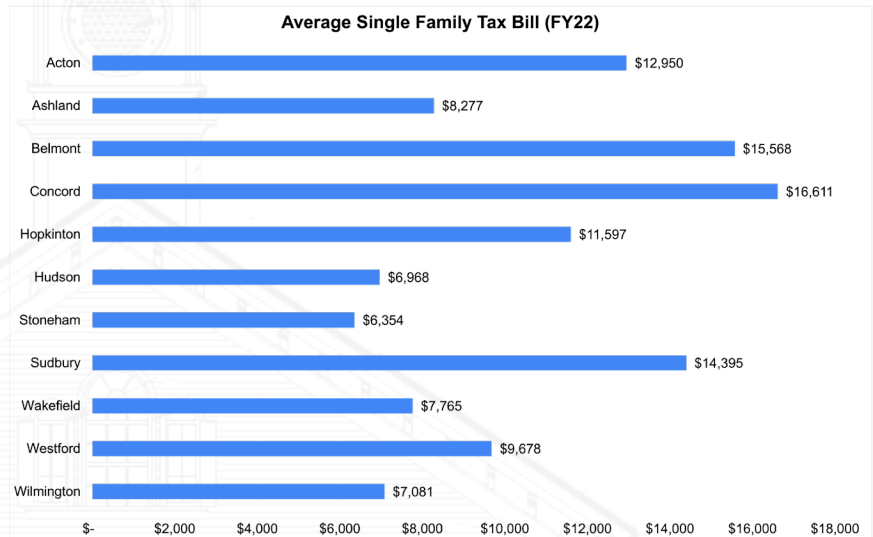
TOTAL PER CAPITA SPENDING

- Total per capita spending is determined by using the most recent numbers posted to the Mass. Department of Revenue Division of Local Services (DLS) databank reports.
- Population and expenditure numbers are based on Fiscal Year 2022.
- The chart to the right demonstrates Acton (\$4,569) ranks in a normal range of the comparison group for per capita spending.
- *Source: MA DOR Division of Local Services Databank*



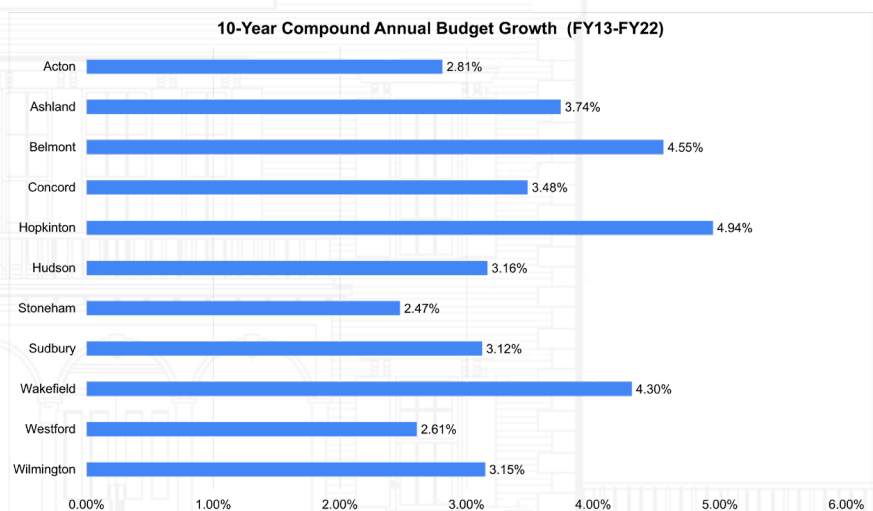
AVERAGE SINGLE FAMILY TAX

- The average single-family tax bill metric is often used to measure budgetary impact on taxpayers.
- The chart to the right demonstrates Acton's average single family tax bill (\$12,950) ranks in the median of the comparison group.
- *Source: MA DOR Division of Local Services Databank*



ANNUAL BUDGET GROWTH

- The annual growth of a municipal budget can vary depending on service levels, new projects and initiatives, and community priorities.
- The 10-year compound annual budget growth rate can be used to measure a community's spending over a longer period of time rather than year-over-year.
- The chart to the right demonstrates Acton's 10-year annual budget growth tax rate (2.81%) is lower than most of the comparable communities.
- *Source: MA DOR Division of Local Services Databank*



Municipal governments are responsible for the acquisition and maintenance of capital assets on behalf of a community. Assets are defined by the Massachusetts Department of Revenue as the “community-owned collection of significant, longlasting, and expensive real and personal property, such as land, buildings, equipment, infrastructure, and rolling stock.” To maintain and replace assets, governments are encouraged to develop Capital Improvement Plans (CIP) to identify current and future capital needs, associated costs, and funding sources. In Fiscal Year 2021, the Town created its’ first CIP, identifying more than \$68 million in capital needs. Future updates to capital plans may be found by visiting the Town Manager’s webpage at actonma.gov/townmanager. Acton-Boxborough Regional School District also maintains a capital improvement plan, which can be found online at abschools.org.

During Fiscal Year 2022, the Town and School completed several significant capital projects. Brief information on the project can be found below.



BOARDWALK CAMPUS



Acton-Boxborough Regional School District partnered with the Massachusetts State Building Authority (MSBA) to build a new triple net-zero emissions twin school building to house the C.T Douglas Elementary School, Paul P Gates Elementary School, and the Carol Huebner Early Childhood Program, later renamed “Boardwalk Campus.” The total project budget was \$114 million, with an MSBA reimbursement of approximately \$40 million. The remaining project costs are split between the towns of Acton and Boxborough through annual debt service. In the Fall of 2019, voters approved a debt exclusion for this project. The project was substantially completed in summer of 2022, and the school formally opened on the first day of school in August 2022.

NORTH ACTON FIRE STATION



After more than 20 years of substantial residential growth in the North Acton area, combined with a growing need for town-wide fire services, voters in 2019 approved the construction of a new fire station located on Harris Street in North Acton. The project replaced a vacant former State office building with a fully-electric, net-zero ready fire station equipped with ground-sourced geothermal wells and solar roof installation. The project furthers the training and wellness for employees, including internal training components and a fully-equipped fitness center. This project was completed in February 2022 and is now fully-operational with two full-time firefighter/paramedics on-duty. The project cost is approximately \$9.2 million.